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WHO KILLED ADAM SMITH?

By William F. Buckley, Jr.

It's true Adam Smith was wrong, but I'm the only person I ever heard of who knows why.

Curiously, his most astringent and shrewd critics have never quite put their talons on the Achilles' heel of economic individualism. A hundred years of experience and research notwithstanding, the Socialist still intones the surplus value theory, the polarity between "economic goals" and "social goals", the labor theory of value, the "mature economy" and the rest of it: adding up to a lot of sophisms and wasted time and to not so much as the tiniest interstice in Adam's armor. And yet withal, Adam Smith was wrong.

He was wrong because he based his economic theories on the "enlightened self-interest" of man, in particular of the pivotal man of economic society, the entrepreneur.

Smith examined the world around him and drew conclusions about human nature. He generalized that man will always act in such a way as to maximize his own well-being with minimum effort. He then concluded that the juxtaposition of this human drive on the immutable laws of economics leads inexorably -- assuming no political interference -- to greater and greater wealth for everyone. An essential ingredient of this formula -- enlightened self-interest plus economic law equals abundance -- is the absence of political interference.

Thus, self-interested man is entrusted with the responsibility of holding the functions of the State to the barest essentials. This, Adam Smith clearly states, is sine qua non to the free, successful and prosperous economy. In short, a careful reading of Adam Smith reveals that man must manifest his self-interest not only economically, but also politically. Economically, man will work for material self-aggrandizement. Politically, he will work to frustrate that prehensile element of every society, the power-hungry Statists. If man is unsuccessful in the political activity, it must follow that he can never enjoy the freedom to indulge in the economic activity.

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And today, even the most slavish disciples of the Gaunt Scotsman must admit that there is little similarity between the self-interest merchant of the Wealth of Nations and the average American businessman.

Quite the contrary. The American businessman is possibly the most bizarre mutation in the evolution of social man. To a greater extent, possibly, than with anyone save the Trappist monk, the Capitalist is distinctly and manifestly un-interested in himself, his fortunes and his future. For, incredibly, he is hard at work nourishing the collectivist giant who has yet to grow only a little before he wheels on his benefactor and swallows him in one mouthful. And this is hardly the self-interest Smith was talking about.

II

A look at the world around us is enough to see that the self-interested entrepreneur Adam Smith wrote about is scarcely visible in our society:

-- Far from working for himself, the businessman who earns over $20,000 a year works from 40 per cent to 90 per cent of the time -- or from 20 to 45 weeks per year -- for the State. Some do better than this by volunteering their service to the State, painstakingly guiding it along its path to Socialism, and all for a token fee.

-- Politically, businessmen liberally support organizations and figures that careen about the country promising an end to "economic royalism", or a purge of "Wall Street wolves". (See 1944's Businessmen for Roosevelt, and counterpart organizations in 1948.)

-- As a general rule, Capitalists refuse to back a political party that seriously opposes State collectivism in all its forms. They will settle, instead, for a mildly dissident Dewey-Stassen-Herald Tribune type organization which is of course no opposition at all.

-- Philosophically, the businessman has virtually abandoned the doctrine of natural rights, and most particularly, the insistence that private property occupy a preeminent position in any list of such rights. In consequence of this, there emerges the inevitably fatal pragmatism of his approach to government: his sanction of progressive income taxes, of government controlled currency, of federal social security laws, of the inroads into the free economy.

-- Consistently disregarding their long-term self-interest, businessmen are even more enthusiastic Statists when there is temporary personal gain to be got by political manipulations of the sort that breed tariff barriers, TVA's, high ceiling prices, or such collossal pork barrels as the Marshall Plan.

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-- Businessmen refuse adequately to subsidize and promote the individualist publications that might challenge the hegemony of collectivist periodicals. Thus, for example, the circulation and tenure of the Nation as compared with that of the Freeman; of the continued publication of the PM-Star-Compass axis as opposed to the demise of the Sun.

-- And business firms continue, through advertising, to infuse money -- i.e., life -- into magazines that hew hard for collectivism, that open their columns to Schlesingers or Bowles or Commagers, as with Harpers or the New York Times or Look.

-- Our most prominent businessmen proudly subsidize huge foundations that, in turn, pour their money into collectivist tills. It was not illogical that Hiss should head a Carnegie foundation, or that Rockefeller money should finance Hanns Eisler.

-- And most important, though weary after a hard day's work accumulating money for the government, the businessman often sets about in his off hours to raise money for his alma mater, that the theories of Keynes and of Laski and of the Webbs may be articulated in greater and greater volume into the ears of the younger generation, the generation that will surely, once and for all, abolish Capitalism.

III

There we have it. As with most generalizations, there are exceptions, and there are some self-interested businessmen -- just as there do exist some Socialists who genuinely respect the individual.

But the mainstream of American Capitalists -- hard working, industrious and dedicated folk -- are working towards their own destruction, certainly as an economic group, and just as certainly as free human beings. James Burnham (though he's after something else) calls it the Suicidal Mania of American Business. Vivian Kellems calls it the phenomena of the Golden Jacka$$. Whatever you call it, an indispensable plank of economic individualism has withered away. The generous and relentless nurturing of the all-powerful, predatory State by the capitalistic class makes the theories of Adam Smith as unworkable and ludicrous as though supply increased in inverse proportion to demand. So it is that Adam Smith is as dead as freedom.

In performing the murder of Adam Smith, the Capitalists have incidentally done service to Karl Marx in an ideological way. They have resurrected and paid homage to a theory of his that has long lain dormant. They have given the followers of Marx something else to crow about.

Marx declared that while individuals within a class may make mistakes -- that is, they may seem to follow a course contrary to the in-

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terest of their class -- the class as a whole does not: it simply cannot. The Capitalist class, this theory holds, is driven relentlessly toward its destruction by historic necessity. The proletarian class, likewise propelled by the forces of history, cannot avoid its appointed goal, the dictatorship. Nothing any individual can do can prevent this process, which comes to rest only with the advent of Socialism.

Now, it so happens that this prediction of Marx seems to be supported by events. Socialism is hard on us. The evidence, however, does not prove the Marxist thesis of dialectic necessity. On the other hand, the rapid decline of Capitalism has been attended with so many examples of it that we cannot but charge the class with suicidal intent. Credit for our progress toward Socialism belongs to the bourgeoisie without whose active cooperation the Socialist might never have succeeded in hoisting the world on his shoulders. The proletariat had little to do with it. But, either way -- no matter which class has most important contribution -- Marx was right in proportion as Adam Smith was wrong.

IV

Curiously, there isn't much attention paid to the American kamikazes. Look at it the other way 'round: suppose that tomorrow saw Ludwig von Mises and Frederick von Hayek hired out to the faculty of the Thomas Jefferson School; Walter Reuther and John L. Lewis raising funds to back Taft's candidacy for the Presidency; HUMAN EVENTS counting on a budget as high as the Nation's; the Americans for Democratic Action backing the proposed 23rd Amendment -- then we would have an equivalent situation, although, I'll warrant, one that wouldn't go unnoticed.

No, along with Adam Smith, justice died. The American businessman is the forgotten element of a society that prides itself on recognizing selflessness. When will the American people pay tribute to the Unknown Soldier in the war against individualism? And when will he be, appropriately, toasted and feted and enshrined as the most unstinting altruist of contemporary society -- the man who is slaving to destroy the system that has given him freedom and prosperity?

Our society is not given to hagiolatry, but here there are grounds for an exception: nothing less than beatification will do. Perhaps some day Justice will be aroused, and there will sprout up in the parks and gardens of our tidy, planned society, statues in his image. And there he will stand, in all his glory -- in a double-breasted suit and a fur-lined overcoat, his foot on a volume of the Wealth of Nations, a smile on his face as he tightens the noose about his neck.

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Not Merely Gossip *A Supplement to* Human Events Vol. VIII, No. 43

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By Frank C. Hanighen October 24, 1951

THE PROBLEM OF TAFT: The race is not between Eisenhower and Taft. It is between Taft and MacArthur (whether the latter wants it or not).

No one who listens to private discussions of many followers of the Senator can have any doubt of that. These individuals may be deceived about what they see in the General. They may be unjustifiably impatient with the Senator. But the fact is they continue to be keenly disappointed by this or that from the lips of Taft.

For instance, the Ohioan ushered in his announcement of his bid for nomination with the admirable statement that he would wage a campaign quite unlike that of Dewey (in 1948) and that he would "conduct the only kind of campaign which will elect a Republican to office". So far so good.

Then he proceeded to lambaste, not Democrats, but Republicans by his remarks about a group called "Partisan Republicans of California". (This right-wing organization has been trying to deflate the Eisenhower boom.) Recently, New Deal columnists in Washington have been waging a campaign against this group. In short, Taft commenced his campaign in much the same way Dewey conducted his election fight of 1948, criticizing or snubbing Republicans. (Interestingly enough, we first heard of the Partisan Republicans from some Taft supporters who approvingly sent us that group's anti-Eisenhower literature.)

This sort of performance cancels out -- in the minds of many who have been supporting the Senator -- the excellent things he does and says. Early this month, he helped scuttle the Federal Aid to Medicine measure. Two days ago in Des Moines, he called for an investigation of our enormous foreign arms program to "determine whether it is really necessary". Too few voices are saying such admirable things.

But, in the next breath at Des Moines, he criticized Senator McCarthy. Quite justly Taft found that McCarthy had gone too far in his attack on General Marshall. But why do so at this juncture, when largely through McCarthy's work the Senate had shown that Jessup did not enjoy the confidence of that body? The occasion called for praise of McCarthy and those who helped inflict a defeat on the Administration in the Jessup affair.

These are the kind of utterances which MacArthur does not make. The General knows when to attack, all-out. He's causing many Taft Republicans to say, "I wish we could nominate the General next year."

If Taft believes that his "weaving" strategy is best calculated to win nomination and election, his view is similar to that of Dewey in the fall of 1948. It is contrary to that held by many Republicans today. The latter believe firmly that the problem in 1952 is to win back votes, long dormant, from the Right, not from the wobbly Center or the Left.

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TRUMAN: We have received reliable information that the President several weeks ago wrote a letter in longhand and sent it to General Eisenhower. The letter was delivered by special messenger. We know nothing of its contents. But, since this missive did not go through State or Defense channels, it is possible that it concerned political matters. One guess is that by this private channel the President asked Ike to make the statement that we might be able to bring home our boys from Europe by '53. No military man believes such an evacuation of U.S. troops is feasible or possible by that early date. But, anyway, Ike did make such a remark -- one which does no harm to Ike's political situation, nor to Truman's, for that matter.

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---- Politicos here conclude that H.T.'s attempt to win Catholic votes has misfired. Much as the Catholic hierarchy would be pleased by establishment of diplomatic relations with the Vatican, there's one greater wish -- to avoid a bitter political dispute with Protestants. The bishops, it is said, suspect that H.T. wanted to precipitate a political brawl in which Congress would be "on the spot" and in which he would garner some Catholic votes (meanwhile "getting away" with the malodorous Jessup appointment under cover of the noise). Results: no recognition of Vatican City, Democratic loss of both "Catholic votes" and "Protestant votes."

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KOREA: Our bombers have been doing an excellent job on enemy airfields under construction in North Korea. Reliable military sources here say this is why the enemy threw large numbers of jets into the big air battle of day before yesterday. So well have our B-29's messed up enemy communications and airfields-in-building that the Reds, it is believed, are not prepared for a big offensive. Perhaps -- it is suggested -- the enemy will really try to come to an agreement for a cease-fire at this time. Under cover of such a truce, the Reds would then seek, unhampered by air attack, to build up forces for the eventual big push.

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CORRUPTION: Most observers are so short-sighted as to dismiss the present wave of corruption as a Federal extension of the classic fracas of the city hall. Actually, the present probe of the Internal Revenue Bureau scandals has touched the most sensitive area of all, the supreme source of power -- taxes.

While the machine politicians in the entourage of the President may regard the matter as simply another problem in voter relations, to be classified with the scandals which Coolidge transcended successfully in 1924, the Fair Dealers who run basic strategy entertain no such illusions. These gentlemen are more than pensively aware that, up until now, at least, the bulk of the taxes has been collected on a voluntary basis. But what if various forms of tax strikes -- such as those urged by Vivien Kellems -- spread among the outraged citizenry?

Our lords and managers may discount such a development. But another phantom nags at minds accustomed to think in terms of power. Are we now in the same stage as those Latin countries where impossible taxes have forced over-burdened taxpayers and under-paid tax collectors into an illicit, but chronic relationship to the detriment of the Treasury? Just a week ago, the New York Herald-Tribune reported that the Italian Government had finally discovered how to increase the tax take. The solution, said the paper, was reduction of tax levies. So wide had corruption and evasion spread in the fiscal field that a sharp drop in the tax rates had already shown an increase in the total tax collections.

The fact is that -- as the Fair Dealers may painfully realize (but never admit) -- the stress on "corruption" in the Internal Revenue Bureau scandals as interpreted in most of the press is misplaced. The emphasis should be fiscal, not moral. The "sin" of corruption is only the outward manifestation of the basic economic sin -- taxation.

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CUBA: Our little Carribean neighbor has been in the throes of governmental scandals and a campaign to clean up the incumbent Administration. But, so far as we know, there has been no televised inquisition in Havana and we have not heard that the chief advocates of reform are "cleaning up", financially, with ghost-written books about the horrors of bribery. As a matter of fact, Cuba has shamed us by producing a politician who took the trials of his country, in the ultimate sense of the word, tragically.

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Senator Eduardo Chibas one night in August, last, stepped to the microphone of a big radio station in Havana and eloquently made an attack on governmental corruption. At the completion of what was a highly emotional speech, Chibas placed a pistol to his head and committed suicide. Reading a recent copy of the Cuban news-magazine Bohemia, we judge that the event had a tremendous effect on the public. His public funeral drew great crowds, inspired much oratory, etc. From Havana papers, we gather that Chibas (a stormy figure in Cuban politics) had become so discouraged with failure to make progress against corruption that he chose this dramatic step to arouse the people. Americans will not emulate the Latin temperament in politics. But they should ponder the contrast between the spirit of Chibas and the performances of American politicians who take up muck-raking.

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DEADLY PARALLEL: This is not the first time the Government of the American Republic has been infiltrated by subversives whose activities received cover from the Bill of Rights. Today, it is the Kremlin termites and there are fantastic invocations of the Bill of Rights to protect the Red network in its work. But, once before, Washington was honeycombed with sedition.

Abraham Lincoln might well have written the following letter if he were living today. He wrote it on June 12, 1863, replying to a group of citizens who criticized him for what they deemed his severe handling of the crisis which met him on arrival in Washington to assume the Presidency. It may be recalled that Lincoln, in 1861, had to conceal himself in a railway sleeping berth as he approached the Capital, for there were genuine fears for his life. Here is his letter:

"The insurgents had been preparing for more than thirty years while the government had taken no steps to resist them. The former had carefully considered all the means which could be turned to their account. It undoubtedly was a well-pondered reliance with them that in their own unrestricted effort to destroy Union, Constitution and law, all together, the government would, in great degree, be restrained by the same Constitution and law from arresting their progress. Their sympathizers pervaded all departments of the government and nearly all communities of the people. From this material, under cover of 'liberty of speech', 'liberty of the press' and 'habeas corpus' they hoped to keep on foot amongst us a most efficient corps of spies, informers, suppliers, aiders and abettors of their cause in a thousand ways." ("Letter to Erastus Corning and others", June 12, 1863, page 347, Vol. 2. Letters and State Papers of Abraham Lincoln, ed. by Nicolay and Hay.)

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WATCH FOR: An otherwise prosaic-looking Senate report, but actually a veritable guide to one of the thorniest subjects in the American political forum. The pamphlet will appear soon under the imprint of the Rules Committee of the U.S. Senate.

Why it must appear is illustrated by the following story. A month ago, a prominent journalist came to Washington to gather material for a book, commissioned by a New York publisher. The subject was to be the infiltration of Communists in Government, and the efforts to expose and checkmate this Kremlin objective. After a couple of weeks of research the journalist decided that the subject was too big and required too long a study for the time allotted by the book publisher. The journalist could not command research facilities equal to those of Senate staffs, and dropped the matter.

The forthcoming document will tell -- in brief, but well-documented form -- the story which our friend abandoned. We are assured by reliable Senate sources, that it will constitute a real vade mecum through the mazes of the Amerasia case, the Coplon-Gubitchev affair, "McCarthyism", etc. It will be more than that, if what we hear be true. It will prove a source book for Republicans and American Democrats in the developing political campaign of the next twelve months.

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Book Events

GOD AND MAN AT YALE, by William F. Buckley, Jr. Chicago: Henry Regnery Company. $3.50. Reviewed by Thomas G. Deering.

The decadence of a nation, declares Montesquieu in The Spirit of Man, begins when it loses sight of the principles on which it is founded. In the Revival of Absolutism, Roscoe Pound warns that the Republic is already on the decline, because the principles underlying its origin are being discounted to such an extent that absolutism is no longer the frightening idea it once was in this country.

If Pound is right, if Americans no longer hold inviolate the doctrine of individual rights, as enunciated in the Declaration of Independence, and are ready to throw it overboard, along with the Creator from whom these rights are presumed to stem, curiosity asks: how did this happen? The answer is difficult, for the origin of ideas is most elusive, and the causes for their general acceptance are so varied as to defy capture. But, of one thing we can be certain, that the educational institutions are most effective in both promulgating new ideas and submerging old ones. If we accept Montesquieu's definition of decadence, and Pound's charge that America is on the decline already, then we must look to our schools and colleges for a cause. In the way of principles, what do they teach?

A partial, but very effective, answer comes to us in a new book, God and Man at Yale, by William F. Buckley, Jr. From this we learn that at one of our oldest institutions of higher learning, one that is generally regarded as a citadel of conservatism, the fundamental American doctrine of inherent rights, upon which rests the sanctity of private property, is made light of in its basic courses in economics. That being so, we are not surprised to learn that even in its school of theology the emphasis is on agnosticism, if not atheism; for, since the only origin of individual rights the human mind can posit is an undefinable natural order, or a personal God, it follows that the rejection of one involves the rejection of the other.

This philosophic comment, however, must not be ascribed to the author of this book on Yale; he merely reports. He reports on what he observed during the four years he spent at the school -- from which he graduated only last year -- meticulously and with plenty of supporting evidence. His story is all the more convincing because of the obvious reluctance of a loyal son of Yale to find fault with his alma mater. He calls attention to facts that must have caused him chagrin, even as they arouse astonishment in the reader. Yale is lined up with all the forces that are driving this country away from the individualistic ideology that was dominant at its birth, and toward its complete negation, collectivism.

After telling this story, Mr. Buckley attempts an explanation that throws light on the vulnerability of our colleges. He points out that the ideological transformation at Yale was facilitated by the abuse of a principle long held high in American values: Academic Freedom. "The freedom of the faculty member to teach what he sees fit to teach" opened the Yale curriculum to doctrines that run contrary to its heritage as well as to fundamental American principles. But, Yale University is a private institution, maintained in large part by its alumni and presumably managed by its board of trustees. Is it honest to teach values which may be repugnant to these supporters? Have the managing officials no responsibility as to the curriculum? These are vexing questions, not only for Yale men but for all who are concerned with our educational system.

This is an important book; for, though the author confines himself to the situation at Yale, it is obvious that the same situation prevails at many of our colleges. It presents a problem that every alumnus, every father, every American must sooner or later face. Its importance is emphasized by the attacks on it and its author that began within a week after date of publication, not only by "leftist" reviewers but also by writers whose opinions show unmistakable signs of official Yale influence. God and Man at Yale will enjoy a wide reading, not only because its subject is vital, but also because its style is captivating.

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